

AIRLINE AGREEMENT OVERVIEW

February 4, 2003

The agreement provides a mechanism to resolve a dispute between the City of Long Beach and various commercial air carriers regarding the allocation of flight slots at the Long Beach Airport. It avoids threatened litigation and confirms the integrity of the City's Airport Noise Ordinance.

Parties: City of Long Beach, American Airlines, JetBlue Airways, and Alaska Airlines

Effective Date: February 5, 2003, provided City receives written unqualified acceptance of agreement terms by FAA no later than February 28, 2003

Expiration Date: January 1, 2009

Background Concepts:

1. **Regular Departures** – The current Ordinance imposes limits on the number of daily departures permitted by scheduled commercial passenger and cargo operators, as well as other classes of aircraft operators. The Ordinance provides that the City may allocate to commercial passenger and cargo operators a minimum of forty-one (41) daily departures.
2. **Noise Analysis Study** – The Ordinance further provides for an annual study to identify existing Airport noise activity and to determine the CNEL (Community Noise Event Level) for a twelve-month period.
3. **CNEL** – This is the measure of average noise environment over a 24-hour period (weighted to penalize noise at night). CNEL has three basic time periods:
 - Noise events from 7:00 a.m. to 7:00 p.m. have a weighting factor of one (1).
 - Noise events from 7:00 p.m. to 10:00 p.m. have a weighting factor of three (3).
 - Noise events from 10:00 p.m. to 7:00 a.m. have a weighting factor of ten (10).The reason for these weightings is to reflect the increased disturbance caused by noise during the evening and nighttime hours.
4. **Supplemental Departures** - If the annual noise analysis indicates that the allocation of supplemental departures will not cause Air Carriers to exceed the maximum CNEL budget permitted for Air Carrier users, additional flights can be allocated:
 - (1) Only for one-year periods of time;
 - (2) Only to the extent that the established Air Carrier noise budget has not been fully utilized during the prior year; and
 - (3) Only to the extent that the Airport Manager determines that the allocation will not exceed the maximum CNEL permitted budget.

CORE AGREEMENT TERMS

1. The Agreement is effective only if written concurrence with terms is received from FAA no later than February 28, 2003. When the terms as set forth in Section 4.2 of the Agreement are approved by the FAA, the City's existing Noise Compatibility Ordinance will effectively be strengthened and less vulnerable to a successful court challenge.

2. Effective March 7, 2003, JetBlue will return five (5) of its twenty-seven (27) slots to the City. Three (3) of the slots will be allocated to American Airlines and two slots will be allocated to Alaska Airlines on a permanent basis.

[Final Allocation: JetBlue (22), American (7), America West (5), Alaska (2), UPS (2), FedEx (2) and Airborne Express (1) for a total of 41.]

3. Alaska Airlines will be permitted to delay implementation of its two (2) permanent slots until February 15, 2004. During the interim period, JetBlue and American will each be permitted to operate one (1) of the two (2) slots allocated to Alaska Airlines.
4. If American Airlines or Alaska Airlines abandons or cancels any flights allocated pursuant to the Agreement, the flight slots will be “re-allocated” to JetBlue on a permanent basis.
5. The City will perform a noise study no later than October 15, 2003, for the purpose of determining if supplemental slots (exceeding the 41 slot minimum) will be allocated. Council action on the noise study is to take place on or before November 1, 2003. If supplemental slots are available they will become effective on January 1, 2004. The supplemental slot allocation procedure will be performed annually during the term of the Agreement.
6. The Agreement establishes a priority allocation procedure should supplemental slots become available. For calendar year 2004, American would receive the first available supplemental slot, Alaska the second, and JetBlue the third. For the remaining term of the Agreement, the allocation priority rotates among the three carriers.
7. The City will modify its existing ordinance and flight allocation resolution in order to implement the terms of the Agreement.

IMPACT ON AIRLINES

JetBlue			
Action	When	Effective date	Section
Return five (5) regular departures	W/in 3 days of FAA concurrence	(assumes FAA concurrence is prior to March 6) March 6, 2003	2.1.1
JetBlue given rights to any, and all regular departures relinquished by American or Alaska prior to January 1, 2009 (not withstanding any waiting lists maintained by the City)			2.4
Temporary allocation of one (1) Alaska departure is available, subject to some provisions	Upon request	Expires on February 14, 2004	2.3.2
Established allocation priority of supplemental departures	<u>Priority</u> 2004 – 3 2005 – 1 2006 – 2	January 1st of each year, beginning in 2004	3.2
*Calendar years 2004 through 2008, JB will			

receive priority supplemental slot allocation positions #4 through 7.	2007 – 3 2008 –1		
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American			
Action	When	Effective date	Section
Temporary agreement for four (4) departures extended	Immediately	Until March 6, 2003	2.1.1
Permanent allocation of three (3) of the existing temporary departures	Per Flight Allocation Process	March 6, 2003 (assumes FAA concurrence is prior to March 6)	2.2
Any departures relinquished by American prior to January 1, 2009 (not withstanding any waiting lists maintained by the City) will be allocated to JetBlue			2.4
Temporary allocation of one Alaska (1) departure is available, subject to some provisions	Upon request	Expires on February 14, 2004	2.3.2
Allocation priority of supplemental departures *Calendar years 2004 through 2008, JB will receive priority supplemental slot allocation positions #4 through 7.	2004 – 1 2005 – 2 2006 – 3 2007 – 1 2008 –2	January 1st of each year, beginning in 2004	3.2

Alaska			
Action	When	Effective date	Section
No impact to current Horizon commuter flights			
Granted two (2) regular departures	Upon written request and per Flight Allocation requirements	Given until February 15, 2004 to initiate service.	2.3
Early initiation of allocated flight slots At any time after 3/1/03, and before 12/1/03, may request permission to operate their two regular departures.	Must give 90 days written notice to City and airlines	Earliest start date is July 1, 2003	2.3.3
Any departures relinquished by Alaska prior to 1/1/09 (not withstanding any waiting lists maintained by the City) will be allocated to JetBlue			2.4
Temporary allocation of two (2) Alaska departures is available, subject to some provisions	Agreement date until Feb 14, 2004.		2.3.2
Allocation priority of supplemental departures	2004 – 2 2005 – 3	January 1st of each year, beginning in	3.2

*Calendar years 2004 through 2008, JB will receive priority supplemental slot allocation positions #4 through 7.	2006 – 1 2007 – 2 2008 –3	2004	
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